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ABSTRACT

The suggested assignments in this manual were written to provide the high school economics teacher with ideas for projects and exercises that students might do as homework or as long-term activities. They range from very simple assignments that should take only a few minutes of the student's time, to projects that might require several days or an extended period of time. In terms of difficulty, they range from very easy descriptive types of assignments to those that call for careful thought, research, and analysis. Teachers can select those activities that are suitable for a particular class, group, or individual. Although originally written for use with a particular textbook, these assignments should be applicable to any standard high school economics text or to some of the simpler college texts frequently used in secondary schools. An index is included to help teachers find assignments relevant to their own textbooks. In addition, each major concept, topic, problem, or principle is underlined throughout the document. Most of the suggested assignments have been used by high school economics teachers. An index of economic concepts and topics concludes the document. (GEA)

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ECONOMICS ASSIGNMENTS

FOR

SECONDARY SCHOOL STUDENTS

by

George Dawson

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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A NOTE TO THE TEACHER

The suggested assignments in this manual were written to provide the high school economics teacher with ideas for projects and exercises that students might do as homework or as long-term activities. They range from very simple assignments that should take only a few minutes of the student's time, to projects that might require several days or an extended period of time. In terms of difficulty, they range from very easy descriptive types of assignments to those that call for careful thought, research, and analysis. Thus, there is "something for everybody" here, and teachers can select those that are suitable for a particular class, group, or individual. It is not likely that a single teacher would be able to use all of the assignments.

Although these suggested assignments were written originally for the use of teachers employing a particular textbook, they should be applicable to any standard high school economics text or to some of the simpler college texts that are being used in secondary schools. There are many ways of organizing an economics textbook, and few follow the same scope and sequence. The book that you are using, then, probably has an organizational pattern different from the one that inspired these assignments. To make it easier for you to use this manual, the author has included an index on pages 25 and 26. Also, each major concept, topic, problem, or principle is underlined. This should enable you to spot the subjects that you want to deal with. Note that the same topic often appears in more than one chapter.

Most of the suggested assignments have been used by high school economics teachers. Users of this manual who have ideas for interesting projects and assignments are urged to share them with the author.

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Chapter 1

1. Examine a daily newspaper, a weekly news magazine, or a current television newscast. Identify all the items that in any way pertain to economics. List the economic issues and problems.

2. Make a list of your own economic goals. Which goals are most important to you? Are there any conflicts between goals? (For example, the goal of obtaining a job and the goal of getting a college education conflict because you may not be able to do both at the same time.) Do the same for the goals of your family, your community, your state, or the nation.

3. Note the various economic activities that occur in your immediate area -- in the area of your school and/or your neighborhood. How are you affected by these activities either directly or indirectly? How do these activities illustrate things discussed in Chapter 1 of your textbook?

4. Make a list of your wants. If you could have everything you want, what would you list? Then check the items you could actually have, given your existing resources. How does this illustrate the concept of scarcity? Do the same for the wants and needs of your school, your family, your community, or the nation.

5. Examine the lists you made in assignment #4 above and identify the trade-offs that would be involved in attempting to satisfy one need or want. (For example, to buy new clothes you may have to reduce your purchases of records and audio tapes.) To illustrate opportunity costs, consider any allocation decision you have made, or that you know about. (For example, you once decided to buy a bicycle instead of using your savings to buy a new portable radio.) Identify the real costs (opportunity costs) involved in the decision. Show how the same principle applies to decisions made by your family, your community, or the nation.

6. Examine an enterprise in your area. Identify the four factors of production being used in this enterprise. Explain how each factor contributes to the operation of the enterprise.

7. Go to a large record store that sells all types of records and audio tapes. Note how much space is devoted to each type of music (rock, classical, jazz, country & western, etc.). List the different kinds of music, ranking them in order of which type gets the most space. What does this show about the way in which consumer demand guides production in the music industry?

8. By walking or driving through your area, and by examining "ads" in local newspapers, note the new businesses that are opening up. (For example, you might find that many stores that sell or rent video-tapes are appearing.) Why are these new enterprises being started? Are any other types of businesses disappearing? How can you explain your findings? What does this illustrate about the American economic system?

9. List the various ways in which you see government playing a role in your area. (Don't forget that your school is probably a government-owned institution.) In what ways is government affecting private enterprise? How are you personally affected by government activities? What does this illustrate about government's role in our economy?

10. To get a better understanding of graphs, draw some simple graphs to illustrate things that interest you. For example, make a record of your grades in various courses, putting the courses or subjects on the horizontal axis and the grades on the vertical axis. Or, you might make a graph showing the batting averages of the players on your baseball team.

11. Listen to a recording of the song "We Are The World" that was popular recently. How do the lyrics help to illustrate the economic problem of scarcity? Write a short description of the scarcity problem as it exists in some of the poor nations of Africa, Asia, and Latin America. How does the scarcity problem in these areas compare with the scarcity problem in the United States? Explain what accounts for the difference.

12. Locate articles in recent newspapers or news magazines that suggest there is a scarcity problem. (Examples: "Police chief blames rising crime rate on shortage of police." "Housing shortage leads to high rents in city." "American colleges are producing too few engineers to meet the needs of our industries.") Cut out at least three articles, attach them to sheets of paper, and write a brief explanation of how each article illustrates the economic problem of scarcity.

13. Identify two situations that involve trade-offs. One should be a local problem; the other should be of national importance. (Examples: (1) The school has a limited budget, but the students want a swimming pool. What goods and services could be "traded off" to enable the school to build a pool? (2) The president wants a stronger military establishment, but insists that the federal budget cannot be increased. What might the nation have to "trade off" to have a stronger military? Write short papers in which you explain the problems, identify the goals, and show what must be sacrificed (traded off) to have the desired goods or services.

14. Study the circular flow model. Make a rough drawing of the model, but illustrate the main ideas by using a business that you know about. For, example, a fast-food restaurant sells hamburgers and milk, so your drawing could show these items going from the business to the market for goods and services. The restaurant hires workers; buys meat, bread, milk, etc., and purchases such capital items as ovens, mixers, tables, and chairs. Your drawing can show these "factors of production" going from the market for the factors of production toward the business. For the household part of the diagram, think about your own household. What do you and your family buy from the market for goods and services? What do you sell to the market for the factors of production? (Members of your family who have jobs are selling their labor. If anyone in your family owns stocks or bonds they are providing capital, etc.) Show how you and your family fit into the circular flow of economic activity in our society.

15. Go to the library and look up Adam Smith in an encyclopedia, or read the chapter on Adam Smith in the book The Worldly Philosophers by Robert Heilbroner. Write a brief summary of Adam Smith's main ideas about economics. Where, in our economy, do you find examples of Smith's theories at work? In what way is the American economy based upon Smith's theories?

Chapter 2

1. Consider the items that you and/or your family purchase most often. How does competition affect the price and the quantity, as well as the quality, of the things that you or your family buy?

2. Examine the markets and/or industries in your area. Describe each one, and categorize it in terms of being pure competition, pure monopoly, monopolistic competition, or oligopoly. Which type of market is most common? How do you explain this?

3. List several products that interest you, such as records, tapes, VCRs, bicycles, cheeseburgers, and cars. Determine what things affect the demand for these items. What might cause demand to change? (Consider such things as utility, price, the availability of substitute products.)

4. List goods or services commonly purchased by you or by your family that you consider to be elastic. (For instance, if the price of records rises by 25% you might reduce your purchases of records by 75%.) Do the same for goods and services you consider to be inelastic. (For example, your demand for milk might be inelastic, because you will reduce your purchases by only 10% when the price rises by 50%.) Then try to identify items that are sometimes elastic and sometimes inelastic. (For example, your demand for cough medicine will be inelastic when you have a bad chest cold, but elastic when you are feeling well and no longer need the medicine.)

5. Identify two products or services you use that have increased or decreased in supply recently. How did the change in supply affect the price? (Examples: In early 1986 the supply of gasoline rose and the price dropped. During the summer the supplies of fresh fruit and vegetables rose and the prices dropped.) Try to learn what caused the supplies to change.

6. Consider the fact that in the future you will be trying to "sell" your services in the labor market or you will be offering goods for sale if you open your own business. What things might affect the supply, demand, and prices of these services or goods? Is the demand for your service or product elastic or inelastic? Why? Is the supply elastic or inelastic?

7. Draw a flow chart showing how money, goods, and services are exchanged in your area. Include yourself and/or your family in the model. Show how you (or members of your household) sell goods or services to others; how you purchase goods and services from others; how you receive payments, etc.

8. Draw supply and demand curves for any good or service that interests you. Show how increases and decreases in supply and demand change the prices and quantities sold. How do these changes affect you as a consumer?

9. List some of your favorite musicians, singers, actors, or athletes. Find out what their typical fees or incomes are and explain those incomes or fees. For example, why are some rock musicians very wealthy while thousands of others can barely make a living? What do your findings illustrate about the workings of the market in our economy?

10. Consider some of the jobs that you or others in your age group have held. What wage rates or fees do these jobs provide? Why do some provide more than others? What does supply and demand have to do with these wages or fees? Why do teen-agers often receive lower wages than adults? How can young people improve their incomes in the future? (Example: By increasing your knowledge and skills you can become more productive. Thus there will be a greater demand for your services.)

11. Select a particular good or service that is sold in your area and make a study of the market for that good or service. Try to interview people who are involved in the production of that good or service to learn how supply, demand, and price function in the market for that item. Consider such enterprises as motels, automobile service stations, farms, candy stores, and bake shops. Write a brief report on your findings and be prepared to give a short oral report in class.

12. As a consumer, you are affected by supply, demand, and price. Select an expensive item that you hope to buy in the near future, such as a car, a VCR, a motorcycle, or a stereo record and tape player. Learn as much as you can about the market for that product. What are the prices being charged at the moment? Is there a large supply on hand, or is the item scarce? What might cause prices to change? (For example, an increase in demand can be expected during the months of November and December because of Christmas buying. Motorcycles might be in greater demand during the spring and summer months than during the winter.) Is there much competition among sellers of the item? How can you use the information you have gathered to get the item at a reasonable price?

13. Consider four types of markets in our economy: (1) goods for consumers; (2) services for consumers; (3) goods for producers; and (4) services for producers. (Numbers 3 and 4 are parts of the factor market -- the market in which producers hire employees, buy raw materials, purchase machines, tools, buildings, and other capital items, and obtain funds to run their enterprises.) Identify the various markets in your area and decide how to categorize each one. Examples: A supermarket sells goods to consumers. A barber provides a service to consumers. A manufacturer of office furniture provides goods to producers. Engineers sell their services to producers. (Note that some industries can be in both the consumer market and the factor market. Try to identify and give examples of some of these. For instance, a plumbing supply firm might sell sinks to consumers for their homes and to business firms for their offices and factories.) Now think about your own plans for the future. Will you be involved in selling goods to consumers, offering your services to producers, or what? What do you need to know about the market in which you will be involved?

14. Try to get a copy of the book Enterprise: Doing Business in America by Eric Sevareid and John Case (New York: Mentor Books, 1983). Read one of the case studies about a well-known business person or company. Write a brief summary of the case and try to explain how the market (or markets) played a role in the successes or problems experienced by the business person of your choice.

Chapter 3

1. Write a long letter to an imaginary student in the USSR, describing the economic system of the United States, and showing how our system differs from that of the USSR.

2. Make a large chart or poster describing economic systems. Have four columns labelled Capitalism, Socialism, Communism, and Market Socialism. List the features of each system in the appropriate columns. Distinguish between features that are basically economic and those that are basically political.

3. Select any country that interests you -- perhaps one that you would like to visit. Learn all you can about its economic system. Write a description of that system and decide how to categorize it. Would you call it capitalist, socialist, communist, market socialist, or mixed?

4. Consider your occupational plans. Write a brief description of how you would prepare for entering this occupation and how you would pursue your career. Now consider how your plans, preparations, and activities might differ if you lived in a country with a different economic system. How would each of the other systems affect your wage or salary, your working conditions, etc.?

5. Compare the economic policies of presidents Franklin Roosevelt and Ronald Reagan. How did their ideas differ? How did each change the U.S. economy? Where do you find agreement between them? Where do you find differences? How would you explain the agreements and differences?

6. Many economists say that the United States has a mixed economy. From your own experiences and observations, list things in the U.S. that are not in accord with pure capitalism (such as public libraries and public parks). Explain why each item on your list exists. Consider whether or not these facilities and services ought to be privately owned and produced.

7. Draw graphs showing the growth rates of the USSR and the U.S. economies, and comparing their gross national products (GNPs).

8. Examine your own economic values and goals. Decide which economic system could best help you to achieve your goals and be in accord with your values. Would your goals be different if you lived in a communist or socialist economy?

9. Study the economic platforms of leading political parties in the United States. Where do they agree? Why? Where do they differ? Why? What do they illustrate about our economic system?

10. Read a short book on the U.S. economy, such as Steven D. Lunt's Free Enterprise in America (New York: Franklin Watts, 1985, 104 pages). Write a brief review of the book, summarizing the main points about our economic system.

Chapter 4

1. Locate business firms in your area that are proprietorships, partnerships, and corporations. Describe each firm and try to explain why each firm is organized as a proprietorship, partnership, or corporation.

2. Interview a management person from a business firm. Learn how and why the firm got started, why it is organized as it is (proprietorship, partnership, or corporation), and how it is currently managed. Does the firm illustrate any of the economic concepts discussed in the textbook chapter on business enterprise?

3. Obtain the annual report of a major corporation, such as Armstrong World Industries in Lancaster, Pennsylvania, or a company in your area. What goods or services does it produce? To whom does it sell its products or services? What is its current financial position? How does this compare with its position in previous years? Why has its financial position changed? Do you think the demand for its output is elastic or inelastic? Why?

4. Select a corporation in an industry that interests you. Follow its stock on the stock exchange that lists its securities. (Pick a company that is listed on a major stock exchange such as the New York Stock Exchange or the American Stock Exchange.) Construct a graph to show the changes in the price of the stock. When changes occur, try to find out what factors might have caused the stock to rise or fall in market value.

5. Assume that you have inherited $10,000 and that you want to invest it in securities. Examine common stock, preferred stock, and bonds. Also consider other investment possibilities, such as mutual funds. List the advantages and disadvantages of each. In the light of your financial goals, which investment (or combination of investments) would you select? Why?

6. Make a study of competition in an industry that interests you, or of competition in the sale of goods and services that you commonly buy. Describe the competitive situation and how it affects price and quality. How are your personally affected by it?

7. Obtain some of the educational publications of the New York Stock Exchange, such as You and the Investment World. (New York Stock Exchange, Educational Division, 11 Wall St., New York, N.Y. 10005.) Study these to learn how and why the Exchange began, what role it performs in our economy, and how it exemplifies some of the economic principles (such as the laws of supply and demand) discussed in the textbook. (The offices of stock brokers in your area might also have material you could use.)

8. Identify at least one enterprise in your area that is a natural monopoly. Why is it a natural monopoly? Is it controlled by some unit of government (such as a state public service commission)? How well does it serve the buyers of the goods or services it produces?

9. If you are considering establishing your own small business, make a study of the situation. What would be the market for your product or service?

How much competition is there? What do you need to know to succeed in this field? How much money and what other resources will you need to get started? Are there any government regulations that you will need to know about? What will it cost you to operate the business? How will you be using the various factors of production in the business?

10. Contact your local chamber of commerce or other business organizations in your area and ask for material that describes business enterprise in your town, city, county, or region. What kinds of businesses are predominate? How important are they to your area? How do they affect you personally? Will they provide employment opportunities for you when you leave school? Will the local or regional business organizations help you if you want to establish your own business? (To learn how to assess the importance of different enterprises in your area, read "How to Do Regional Analysis" by James H. Savitt, and "Studying Your Region's Economy" by George Dawson, chapters 41 and 42 in The Economy of New York State, edited by Sanford D. Gordon. This book was published in 1987 by South-Western Publishing Co., 5101 Madison Road, Cincinnati, Ohio 45227.)

11. If you are thinking of starting your own business, read the book Creating A New Enterprise by Roger W. Hutt (Cincinnati, Ohio: South-Western Publishing Co., 1982). Summarize the main points in a notebook. As you continue to read your economics textbook, add to your notebook comments on economic principles and problems that will be useful to you as a business owner. For example, after reading the textbook discussion of "fixed costs" note what kinds of costs in your own firm will be "fixed." (Fixed costs are those that do not change, regardless of how much you produce. Examples: The rent that you pay for a building or office. The payments that you owe to a bank for a loan.)

12. Get a copy of the book In Search of Excellence: Lessons From America's Best-Run Companies by Thomas J. Peters and Robert H. Waterman (Warner Books, 1982). The book describes 62 companies. Select about three of these and write a brief report in which you explain why these firms have been successful. Identify the economic principles that help to explain their success. (For example, how did they appear to use the law of demand in making decisions on what to produce, for whom, and how much to charge?)

13. Write a brief report on the role of small business in the American economy. Use such books as Steven Solomon's Small Business USA: The Role of Small Companies in Sparking America's Economic Transformation (New York: Crown, 1986). How important is small business today? What are some problems associated with small business? What does the Small Business Administration try to do? Do small businesses present attractive employment opportunities to you personally? How important are they in your own community? If you become interested in the history of small business, read Small Business In American Life, edited by Stuart M. Bruchey (New York: Columbia University Press, 1980). This goes back to the Revolutionary War in discussing the role of small business in the United States.

Chapter 5

1. Interview the owner of a small business to learn about the costs of operating a company. Without asking for specific figures (unless the owner volunteers to give them), find out which costs are fixed and which are variable. Make a list of these costs and explain why each can be categorized as either fixed or variable.

2. If you are involved in a club, athletic team, or other organization that has expenses, make an analysis of its costs. Which costs are fixed? Which ones are variable? (Examples: If the club pays an annual rent for a meeting place, this is a fixed cost. If refreshments are provided at the meetings, food is probably a variable cost because it will rise if membership increases.) What causes some of the costs to rise? Can you identify any marginal costs?

3. Study two business firms in your area -- one very large firm and one very small company. Compare and contrast them. (You might compare a large chain store with a small retail shop, for example.) What advantages does the large firm have? What advantages might the small firm have?

4. Consider the things that you and/or your family buy frequently. If demand for these things suddenly increased, which ones could you continue to get without difficulty? Which ones would be in short supply because the producers need more time to create more? (In short, which ones have an elastic supply and which ones have an inelastic supply?) How would you tell what is the market period, short run period, and long run period for each item? How would a sudden increase in demand affect the price of each item?

5. Think about a product or service that you have provided, such as making cookies, mowing lawns, or baby sitting. Compute all the costs of producing the product or service. Be sure to include implicit costs as well as the obvious "out of pocket" costs. (For example, if you made cookies you must include an "implicit wage" for the time you spent, as well as the cost of ingredients and equipment.) Now consider the payments you received. How much profit did you actually make? What was your profit per unit of output (such as profit per dozen cookies, or per average-size lawn mowed)?

6. List the arguments in favor of pure competition and the arguments against it. Which arguments do you consider to be the strongest? Why?

7. Read the book Free Enterprise in America by Andrew Hacker (New York: Harcourt, Brace Jovanovich, 1977). Written for secondary schools, this book explains the market, supply, demand, costs, and productivity in a brief but interesting and lively fashion. Write a review of the book, showing how it relates to your textbook's discussion of pure competition.

8. Read the book McDonald's: Behind the Arches by John F. Love (New York: Bantam Books, 1986), for a case study of the famous fast-food company. In what ways does McDonald's illustrate economic concepts discussed in your textbook? Why do you think it has been so successful in such a highly competitive field?

Chapter 6

1. Make a list of the industries in your area. Which would you consider to be monopolies? Oligopolies? Monopolistic competition? Pure competition? Explain your reasons in each case. Which type seems to be most common in your area?

2. Give examples of non-price competition in goods and services that you normally buy. For example, several fast-food restaurants may charge the same price for hamburgers, and thus do not use price competition for this item. In what ways do they compete? (Examples: Advertising campaigns; faster service; more attractive facilities.) How important are these things in terms of their influence on consumers?

3. Go to a library and look for books and articles about OPEC, the international oil cartel. How and why did OPEC become established? How has it affected the price of oil and petroleum products? Why hasn't it always succeeded in limiting supplies and raising prices? How might you personally prepare for the possibility of future oil price increases and fuel shortages?

4. Contact a few large corporations in your area and try to arrange to interview management people. Look for companies that are considered to be multi-nationals. Find out how and why they became involved in over-seas operations, how important their foreign holdings are, and what problems they might have in regard to their status as multi-nationals.

5. To learn about product differentiation, examine the products or services of several firms in your area that are in the same industry -- that is, firms that produce the same kind of product or service. In what ways are their products or services different? (Example: Does the gasoline sold by a Getty station differ from the gasoline sold by a Texaco station? If there are no real differences between the products, are there other differences, such as different brand names, different packaging, differences in the guarantees or warranties offered, etc.?) Do the differences that you have discovered affect sales? Which differences, if any, are important to you as a consumer? Which ones would induce you to purchase more of one brand instead of another, or to pay a higher price? Why? Do you think that product differentiation is good or bad for our economy? Why?

6. Assume that you are in business for yourself, such as providing lawn care to home-owners. Assume, also, that you are competing with several others who provide the same service or product. How might you convince consumers that your service or product is different? How would you categorize the market that you are in (monopoly, oligopoly, monopolistic competition, or pure competition)?

7. Write a paper on advertising. For a favorable view of advertising, read The Trouble With Advertising by John O'Toole (New York: Chelsea House, 1980). For a negative view, read Advertising, The Uneasy Persuasion: Its Dubious Impact on American Society by Michael Schudson (New York: Basic Books, 1986). Give both the favorable and unfavorable aspects of advertising and then set forth your own views on whether it is good or bad for our economy.

Chapter 7

1. Make a study of the wage or salary situation in the occupation that interests you. How much will you earn in your chosen field? What explains the wage or salary rate? Are wages and salaries higher in one area than in another? If so, what accounts for the difference? (Are the costs of living higher in one area than in the other, for example?)

2. Learn what is needed to obtain employment in the occupation that interests you. What sort of training and education is required? What personal characteristics are important? (For example, a manager might need more interpersonal skill than an assembly-line worker.) What are the working conditions like? Is there a great demand for people in this occupation?

3. After you have learned what your job involves, try to think of ways of improving your productivity in that type of work. How can you increase your knowledge, skill, or experience? (An increase in productivity could bring an increase in your wage or salary.)

4. Visit a factory, bank, or large store and observe labor's role in the firm. How does labor interact with such capital items as machines and computers? Write a report in which you explain this interdependence and its effect on efficiency and output.

5. Study a particular capital item that is relatively new, such as the word processor or the personal computer, and show how it has changed the nature of work, and how it has affected productivity. Consider whether or not you might be able to use this item in your own future work.

6. Do research on your state's minimum wage law (if any), and compare it with the provisions of the federal minum wage law. Is your own chosen occupation affected by a minimum wage law? Do you favor or oppose minimum wage legislation? Why?

7. Examine the union situation in the industry in which you plan to work. Do the workers belong to a union? Is there more than one union? If so, which unions are they? What are the existing union-management contracts like? What protections do the unions provide? What are the responsibilities of union members? How are the unions controlled? What federal and state laws apply to these unions?

8. If there is a labor dispute in progress in your area, or a dispute that is of national importance being reported in the news media, make a study of the dispute. Who is involved? What are the issues? What arguments are being presented by both sides? What efforts are being made to resolve the dispute? How is the public being affected? How do you think the dispute ought to be settled?

9. Contact unions in your area and ask for copies of their union constitutions and of existing contracts with management. Compare the constitutions of several unions. In what ways are they similar? How do they differ? What

accounts for the similarities and differences? Do the same with several different contracts.

10. Interview several workers who produce different goods and services. What do they like about their jobs? What do they dislike? Do they belong to unions? What is their opinion of unions?

11. Interview representatives of labor and of management regarding the role of unions in our economy. In what ways do the labor people and the management people agree? In what ways do they differ? What changes have taken place in labor-management relations in recent years? Why have these changes occurred? Give your own opinion on whether the changes (such as more union participation in management) are good or bad for our economy.

12. Many public employees have joined unions in recent years. Consider the question of whether or not public employees should have the right to strike. Gather opinions on both sides of the issue and then write your own conclusion.

13. Review the major labor laws, such as the Wagner Act, the Taft-Hartley Act, and the Landrum-Griffin Act, that have been passed by the U.S. Congress. What are their major provisions? How do they affect the workers? The consumers? Management? Evaluate each law in terms of whether it is good or bad for our economy. For a fairly short book on labor law see A Primer on American Labor Law by William B. Gould (Cambridge, Mass.: The MIT Press, 1982). For a slightly longer work (368 pages) see Labor Law: Cases, Text, and Legislation by E. Edward Herman and Gordon S. Skinner, (Washington, D.C.: University Press of America, 1982). If you need a very detailed source, use Labor Relations Law, 4th edition, by Benjamin Taylor and Fred Witney (Englewood Cliffs, N.J.: Prentice-Hall, 1983), which is 914 pages long, or Labor law and Legislation, 7th edition, by David P. Twomey (Cincinnati: South-Western Publishing Co., 1985), which is 622 pages long.

14. Learn about the major labor laws in your state. (Your state may have a department of labor or other agency that is concerned with labor relations, working conditions, etc. Try to get information from this agency.) How do your state's laws compare with federal laws? How might those laws affect you as a worker, or as an employer or manager?

15. Read the book The Role of Unions in the American Economy, 2nd edition, by Ray Marshall and Brian Rungeling (New York: Joint Council on Economic Education, 1985). This will teach you about the history of American labor unions as well as giving the current situation. Write a brief review of the book, and try to apply the concepts to the union situation in your own area. Are unions strong or weak in your area? How important are they in your area? What role do they play in your region's economy?

Chapter 8

1. Examine the advertisements in local newspapers for property to rent. How do the rents differ? Why do they differ? Is the term "rent" used in the ads in the same way that economists use it?

2. Try to identify a piece of land in your area whose use has changed. For example, a lot that was formerly used for growing crops may now be a site for houses, or a former city parking lot may now be the site of new office buildings. Try to explain the economic factors that caused the change in land use. What happened to the market value of the land? Why?

3. List the various natural resources that exist in your area. How are they being used? How do they affect the economy of your area? How important are they to you personally?

4. Assume that you must borrow money to pay for tuition at a college or a trade school, or to help finance your own small business. What rate of interest would you have to pay? Why is the interest rate at this level? What things would you take into account in deciding whether or not to pay this rate of interest?

5. Consider what rate of interest you would accept if you were lending money to others. (Remember that if you buy a U.S. Savings Bond or a corporate bond you are lending money to the government or to the corporation.) What economic factors will affect the rate of interest you can get? What has been happening to interest rates lately? Have they been going up or down? How can this trend be explained?

6. If you have money in a savings account or some other interest-bearing deposit, figure out the real rate of interest you are getting. (That is, compare the rate you are getting with the rate of inflation and adjust the rate accordingly.)

7. List some expensive items that you might buy in the future -- things for which you will probably have to borrow money or buy on credit. Which of these items will help to pay for themselves? (For example, a washing machine will reduce laundry bills and thus help to pay for itself.) Which of the items will not help to pay for themselves? (A new stereo record and tape player, for example.) How might these considerations affect your decision to borrow and how much interest to pay?

8. Interview several business people to obtain their views on the role of profits in our economy. Do they think that profits are too high? Too low? Ask the same questions of labor leaders. Do their views differ from the views of business people? If so, how and why?

9. Some people believe that profits should be regulated by government. Examine this issue and write a paper in which you set forth both sides of the question. Then draw your own conclusions and give reasons for the position that you have taken. For an interesting discussion, giving two different views, see "Do Businesses Have Any Moral Responsibility Beyond Making Profits," in Taking Sides: Clashing Views on Controversial Issues by Thomas R. Swartz and Frank J. Bonello (Guilford, Conn.: The Dushkin Publishing Group, Inc., 1982), pages 18-35.

Chapter 9

1. Try to identify the government services that you and your family use. List these under three headings: Federal; State; Local. Do you think that any of these services ought to be privately produced? Why, or why not? Are there any services that you think government ought to be providing in addition to those you listed? What are they? Why should they be provided by government?

2. What are some of the major problems in your area -- problems being discussed in the news media? What are the economic implications of these problems? (For example, why is crime an economic problem as well as a social problem?) What is government's role in dealing with these problems? What are people saying that government ought to do about the problems? Who should pay for the costs of dealing with the problems? How?

3. Consider your own income (if any) and your expenditures. What taxes do you pay directly? What taxes do you pay indirectly? Can you identify any "hidden taxes" that you pay? (When you pay your income tax or a sales tax on an item you have purchased it is quite evident that the tax is affecting you; but some taxes are included in the price of the product or service and thus may not be evident to you.) Do you think that the taxes you pay are fair? Explain your answer.

4. Assume that your state and local governments have decided to stop providing police protection, fire fighters, schools, road repair, etc. How would you be able to obtain these services? Who would pay for them? How? What would be the impact of having these services moved from the public sector to the private sector?

5. Consider this statement: "School taxes should be paid only by people who have children in the public schools." What arguments could you give to support the statement? What arguments could you give to oppose it? What theory of taxation does the statement seem to support?

6. Assume that your state badly needs more revenue to meet the needs of the people, and that the state government has decided to raise the revenue by imposing excise taxes. What goods and services should they tax? Why? What would be the effect of taxes on these items? (Consider such things as the effect of the tax on the price of the item, how poor people might be affected, the elasticity of demand for the item, etc.)

7. Obtain information on your state, county, or local budget and on the tax systems used by these governments. What are the major sources of revenue for each government? What are the major expenditures? Which theories of taxation are they using? Evaluate the budgets and the tax systems. Do you think they are economically sound? Are they fair? What changes, if any, would you suggest they make in their budgets and tax systems?

8. Study the issue of government regulation of business. Is there too much or too little? Give the arguments on both sides, and then draw your own conclusion. For a brief discussion, see "Should the Federal Government Deregulate American Business?" in Taking Sides: Clashing Views on Controversial Economic Issues by Thomas R. Swartz and Frank J. Bonello (Guilford, Conn.: The Dushkin Publishing Group, Inc., 1982), pages 74-95.

Chapter 10

1. List the goods and services that you commonly purchase. Check those that you consider to be poor in quality or over-priced. What can you, as a consumer, do to change this situation? What can you do directly, such as discussing the problem with the sellers? Where can you go to get help if your direct dealings with the sellers do not provide satisfaction?

2. Study the advertisements that appear on radio and TV, and in newspapers and magazines. In what ways do they serve to inform and assist the consumer? Do any of them mislead or misinform the consumer? In what ways are your personally influenced by ads? How can you benefit from the positive aspects of ads? How can they help you make wise choices? How can you protect yourself from the negative effects of false or misleading ads?

3. Develop a savings plan for yourself. First set your goals. Why do you need or want to save money? List the reasons, such as helping to pay for college, to take a trip, to buy a car, or to have money for emergencies. Examine various ways of saving (such as opening a savings account in a bank, buy-mutual funds, or purchasing government bonds), and decide which way (or ways) would be best for you. Find out which ways are the safest, which ones pay the most interest (or yield the best dividends), etc.

4. Assume that you need to borrow money to pay for an important item. Examine the various sources of credit. What are the terms of the loan? What is the interest rate? Which source of credit is best for you? What are the risks you are taking when you go into debt? Would it be better to wait until you have saved enough money to make the purchase?

5. Find out what consumer protection agencies or organizations exist in your area. Contact each one to learn what they do to help consumers. Which ones are government organizations or agencies? Which ones are non-government?

6. Although consumers suffer from misleading advertising, high prices, poor quality merchandise, and inferior service, they can also create problems. (Examples are shoplifting, damaging merchandise, and failing to pay their bills.) Interview a few merchants, restaurant owners, and motel managers to learn what problems they have with irresponsible or dishonest consumers. How do such people indirectly harm other consumers? (For instance, the merchants may have to raise prices to pay for goods that have been stolen or damaged, to cover the costs of hiring guards, etc.) Draw up a "Bill of Rights" for consumers and a "Bill of Responsibilities."

7. If you are very well informed about a particular product or service, you can help others by preparing a written report on this item. How do you determine whether or not the item is of high quality? Where is the item sold? What is considered to be a reasonable price? What do you need to know about using the item intelligently? (Examples might be musical instruments that you play, portable radios, personal computers, VCRs, compact disk players, or cameras.)

Chapter 11

1. The GNP is a measure of goods and services produced in the United States during a year. If you sold goods last year or if you worked and received money in payment, your income was part of the GNP. Try to calculate the contribution of your family to our GNP last year. (Do not include the value of goods and services that were not sold, such as your efforts in mowing your own lawn or taking care of a younger brother or sister if you were not paid to do so.)

2. You and others in your family probably produce goods and services that are not counted in the GNP. Try to identify these, such as the preparation of meals, making repairs in your house, cleaning or decorating your apartment, etc. What would it cost to have these things done by someone else? (That is, what is the estimated market value of these kinds of services?) How much would your "non-market production" add to the GN? if such production were included? Do you think it ought to be included in the GNP? Why, or why not?

3. Select a foreign country that interests you. Using such sources as The World Almanac & Book of Facts, learn about its economy. How does its GNP compare with the United States GNP? What explains the difference? How does this nation compare with the United States in terms of standard of living? Military strength?

4. Imagine that your own area (your county, city, town or village) is a nation. How would you develop a "GNP" for your area? Use local newspapers, your own observations, and information from local government offices (such as a department of commerce or labor). Major firms in your area (such as the electric power company) might have information on the regional economy. Also try the chamber of commerce or other business organizations. Does the economy of your area appear to be growing? Declining? Why? What is the evidence of this trend? How can economic aggregates help governments and businesses in their planning?

5. Interview your grandparents or other people who lived through the Great Depression of the 1930s. Ask them to describe the depression and to compare life today with life during that period. Learn how young people in particular were affected by the depression. How was the economy as a whole affected?

6. Some industries are severely affected by business downturns while others have few problems because of a slump (recession). Consider the occupation or business that you plan to enter. How might it be affected by the business cycle? How can a knowledge of business cycles help you to plan to cope with them?

7. Select a product that interests you, such as personal computers, automobiles, or television. Do research on the development of this item and learn how it affected our economy. How did it lead to the development of other new products and businesses? (For example, the automobile led to such things as gasoline stations, motels, and drive-in movies. Television led to the VCR.) How have technological developments in general affected our economic growth?

Chapter 12

1. Assume that you have an income of $200 a week. How much of this would you spend? How much would you save? Now suppose that you had extra income, such as another $20 a week. How much of your extra income (your marginal income) would you spend? Save? What is your propensity to consume? What is your marginal propensity to consume? What factors affected your decisions on spending and saving? Now assume that your weekly income soars to $2000. How would your spending and savings plans change? Are your answers in accord with the theories set forth in the textbook?

2. Talk to a business owner or manager. Ask him or her to try to explain what happens when the firm increases investment, such as buying a new word processor for $1000. Who gets the $1000? Then what probably happens to the money? Try to identify the various businesses and people who might eventually get some of the money that was originally spent for the word processor (or other capital item). How do the results of your investigation help to illustrate the multiplier concept?

3. Assume that you have been saving money to buy an expensive item, such as a VCR, a car, or a new stereo set. Assume that the marginal propensity to consume is 75%. Figure out how much the money you spend on the new item will add to the economy because of the multiplier effect. What will happen if the MPC increases? Decreases? When might a larger multiplier be good for the economy? When might it be bad for the economy?

4. "In any given year, the federal government should not spend more than it receives in revenues." What arguments support this statement? What are the arguments against it? Summarize both sides and then give your own conclusions with your reasons.

5. Write a paper on the theories of the economist John Maynard Keynes, showhow Keynes changed the way many economists view the problem of economic slumps. Use such sources as the following for fairly brief and simple explanation of Keynesian theories:

   Canterbery, E. Ray, The Making of Economics, 2nd edition (Belmont, California: Wadsworth Publishing Co., 1980), Chapter 7, "J.M. Keynes."

   Fusfeld, Daniel R., The Age of the Economist, 4th edition (Glenview, Illinois: Scott Foresman, 1982), Chapter 9, "The Keynesian Revolution."

   Heilbroner, Robert L., The Worldly Philosophers (New York: Simon and Schuster, 1967), Chapters 9 and 10.

   Moggridge, D.E., John Maynard Keynes (Baltimore: Penguin Books, 1976).

   Victor, R.F., John Maynard Keynes: Father of Modern Economics. (Charlotteville, N.Y.: SamHar Press, 1972). This is a short booklet written for the high school student.

   You might also look into some of the criticisms of Keynes, such as Henry Hazlitt's The Failure of the "New Economics: An Analysis of the Keynesian Fallacies (New Rochelle, N.Y.: Arlington House, 1973).

Chapter 13

1. Select three items in your home, such as a TV set, a couch, and a refrigerator. Try to express the value of each item without referring to money. If you had to trade goods and services to get one of these items, what would you trade, and in what quantities? What problems would you encounter? How would the use of money solve the problems?

2. Pretend that you, your family, and your friends live in a society without money. You use barter to exchange goods and services, but you soon realize that this is difficult and inefficient. You decide to use a commodity commonly used by Americans as a form of money (commodity money). What commodity would you select? Why? To what extent would this item meet the criteria for money listed under "Characteristics of Money" in the textbook? Why would it fail to meet some of the criteria? What problems would you have in using this item for money?

3. During World War II the soldiers in prisoner-of-war camps often used cigarettes as money. Why do you think they chose this item? How well do you think cigarettes served as money? What problems do you think they had?

4. Since 1974, U.S. citizens have been allowed to own gold. Many people think of gold as being money, but we continue to use paper dollars, checks, and coins made of inferior metals. Why isn't gold being widely used as money? List as many reasons as you can.

5. "Money has no value unless it is backed by gold." Discuss this statement. Do you agree or disagree? Why? Use some of the booklets published by the Federal Reserve to learn more about money and gold. For example: Our Money by James F. Tucker (Federal Reserve Bank of Richmond, 1986); The Story of Money and Money: Master or Servant? (Federal Reserve Bank of New York, 1984).

6. Select five items that you buy quite often. Choose a recent year as a base period, and develop a price index for those items. See the textbook for instructions on developing a price index. What is the current price index for the items? If prices are rising, is your income keeping up?

7. List as many goods and services as you can think of that have risen in price in recent years, and that have affected you personally. How might you try to protect yourself from future price increases? For example, you can try to improve your knowledge and skills and thus increase your future income. You might try to invest some of your savings in securities whose yield (rate of return) is greater than the rate at which prices are rising.

8. Study the question of indexation. Give the arguments in favor of this method of dealing with inflation, and the arguments against it. Draw your own conclusions and explain the reasons for your position on the issue.

9. To learn more about inflation go to your local library and try to find at least one book on this subject. For example, Inflation in Action by Adrian Paradis (New York: Julian Messner, 1974) was written for secondary school students. Write a brief review of the book that you select.

Chapter 14

1. Make a list of the depository institutions in your area. Visit several of them and obtain their literature. Write a brief description of the services offered by each. Categorize each as being a commercial bank, savings bank ("thrift institution"), or whatever. How might you make use of these institutions? How do they serve the community?

2. Think about establishing a savings plan for yourself. Study the different ways of saving through depository institutions. List and describe the various types of accounts and savings certificates that are available. Compare and contrast them. What are the advantages and disadvantages of each type? Decide which type (or types) you would like to use, and explain your choice.

3. Some day you will probably need a checking account. Study the different types of checking accounts or checkable deposit accounts that are available in the depository institutions in your area. How are they similar? How do they differ? Which type would best meet your personal needs?

4. After reading the textbook chapter on banking, arrange to visit and interview officials of several banks. Prepare a list of specific questions, asking them to explain such things as the changes taking place in our banking system, how banks affect the local economy, what local factors affect the banks, what national problems affect banking, etc. Write a report on your findings.

5. If you are thinking of setting up your own business, or if you might need a consumer loan, examine the possibilities of obtaining credit from the various financial institutions in your area. Compare the terms, conditions, and interest rates. Try to explain any differences that you find, and then decide which institution would be the best source of credit for you.

6. "The Federal Reserve has too much power and independence in setting monetary policy." Study the Federal Reserve System and decide whether you agree or disagree with this statement. Give the arguments in support of the statement, and the arguments against it. Explain your own conclusion. You might want to refer to books on the Federal Reserve, such as Controlling Money: The Federal Reserve and Its Critics by Ralph C. Bryant (Washington, D.C.: The Brookings Institution, 1983). To put the Federal Reserve in an historical perspective, read Chapter 8, "Money, Banking and the Price Level," in Economic Issues and the American Past by Roger LeRoy Miller, Gary M. Walton, and Robert L. Sexton (New York: Harper & Row, 1985).

7. If the federal government or the Federal Reserve takes actions to save a huge bank (such as Continental Illinois) from failure, should it not also do the same for small banks? Study this issue and give reasons why, or why not. You might want to do case studies of specific bank failures, using such books as The Failure of the Franklin National Bank by Joan E. Spero (New York: Columbia University Press, 1980) or Belly Up: The Collapse of Penn Square Bank by Phillip L. Zweig (New York: Crown Publishers, 1985).

8. To supplement the banking chapter in your text, read Part 3, "The Art of Central Banking," in Principles of Money, Banking, and Financial Markets, 5th edition, by Lawrence S. Ritter and William L. Silber (New York: Harper & Row, 1986.

Chapter 15

1. Examine our nation's economic goals as discussed in the textbook. Now list your own personal economic goals. To what extent are your personal goals in accord with the national goals? Do your personal goals conflict with any of the national goals? If any our our national goals are not achieved, how might you be personally affected? (For example, if our economy fails to grow, it might be harder for you to find a good job or to create your own business.)

2. Study the various ways in which the government can try to control the business cycle, such as through changes in taxes or government spending. Which ways would have the most direct effects on you and your family? How?

3. Nobody likes to pay taxes, and we all rejoice when taxes are cut. But suppose that the government needs to raise taxes to control inflation, to reduce the federal deficit, or to meet some urgent national need. Which tax (or taxes) would you suggest that they raise? Why?

4. What are your state's policies toward budget deficits? Perhaps the state legislator for your district can provide this information, or you can contact your state's budget office. Do you consider these policies to be the appropriate ones? Why, or why not? How might you or your family be affected by the policies (such as a requirement that the state balance its budget every year)?

5. Pretend that you are going to appear before a Congressional committee to discuss the federal budget. What items would you want to reduce? Why? What items would you want to increase or leave unchanged? Why? Is there anything that you would want to add to the budget? What arguments would expect to hear in opposition to your proposals? How would you answer them?

6. Interview several business people regarding government regulations. Which regulations do they favor? Which ones do they oppose? Do regulations add to the costs of producing their products or services? Do they raise the prices that they charge their customers? How do the views of the business people compare with the views of consumer organizations and unions? Write a report on your findings, and give your own position on whether or not we have too many regulations on business.

7. Consult labor leaders or others in your area who are concerned about unemployment. Is it a serious problem in your area? What is the unemployment rate there? What types of unemployment exist? How might teenagers planning to enter the job market be affected? What can be done about the problem?

8. Assume that economists are predicting a high rate of inflation. What might you do to protect yourself from the effects of rising prices? What do you think the government and/or the Federal Reserve ought to do? You might try such books as Full Employment Without Inflation by Tim Hazledine (New York: St. Martin's Press, 1985) and Solutions to Inflation by David C. Colander (New York: Harcourt Brace Jovanovich, 1979).

Chapter 16

1. Identify environmental problems in your area, such as water or air pollution. How do these problems affect your way of life? How do they affect the economy of your area? How are you personally affected? What do you think ought to be done about the problems? Who would pay the costs?

2. List the things that would help to create a higher quality of life for you, your family, and your community. Explain each one. Which ones can be called "economic"? Which ones can be measured objectively? How?

3. Interview a real-estate agent to learn about the environmental factors that affect property values. Which factors tend to increase property values.? Which ones tend to lower property values? What should be done about the things that have a negative effect? Who should bear the costs?

4. To reduce pollution, sacrifices must be made. What sacrifices would you be willing to make? Consider all forms of pollution -- air, water, soil, noise, solid waste. For example, would you be willing to pay more taxes to clean up the environment? Would you be willing to change some of your own habits and practices? (Example: Do less driving to help reduce air pollution.)

5. Make a study of your own state's pollution control measures. Evaluate each measure. How effective is it? Who pays for it? How does it compare with similar federal government measures? What should be the responsibility of your state in controlling pollution? Of the federal government?

6. Make a list of all the ways in which you use energy, directly or indirectly. Gasoline for a car is one obvious example, but try to find many others in your home, school, or work place. What are the different types of energy that you use? Who supplies them? At what cost? How would you be affected by changes in energy costs? Which of your demands for energy are elastic? Inelastic? How can you help to conserve energy?

7. To learn more about cost-benefit analysis, interview a representative of a firm that sells home insulation. Ask for an explanation of how to estimate the money saved by insulating a house. Evaluate the explanation by trying to identify all possible costs (including the imputed cost of your labor if you do some of the work of insulating the house), and by examining the means by which the possible benefits were estimated.

8. Write a paper on nuclear energy, giving the arguments for and against it. In addition to reading about the Three-Mile Island accident and the disaster at Chernobyl in the USSR, obtain information from power companies and others who favor nuclear energy. Draw your own conclusion, giving reasons for your position.

9. "By speeding up our industrial development we can create jobs for the unemployed and for young people now entering the labor force."
"Yes, but industrial development causes environmental problems."
Discuss these statements. Is there a "trade-off" implied here? Can we have industrial development without causing pollution?

Chapter 17

1. Does you community (village, town, city, or county) have a poverty problem? If so, who is affected by this problem? What do you see as the causes of poverty in your area? What programs currently exist to deal with the problem? How are they financed? What are your proposals for dealing with poverty?

2. "If people are unemployed or poor it is their own fault." Discuss this statement. To what extent are the poor responsible for their own status? To what extent are they the victims of conditions over which they have no control? What can the poor do to help themselves? What additional help, if any, do you think they ought to receive? Who should provide this help? How should the assistance be financed?

3. Identify the health care problems in your area. Why have medical costs increased faster than the costs of most other things? What should be done about the rising costs of health care? What can you do as an individual? What are the responsibilities of the local, state, and federal governments?

4. Discrimination not only affects women, black people, and other minority groups, but harms the economy as a whole. Why is this so?

5. "If everyone had an equal income, poverty would be eliminated." "Equal incomes for all are not only impossible, but would be harmful." Which of these statements would you support? Why?

6. Contact your local historical society to obtain information on the history of your town, city, or local area. What economic factors led to its founding and its growth? How and why has it changed over the years? What is its economic situation now? For guidance on studying the economy of a region see Chapter 41, "How to Do Regional Analysis," and Chapter 42, "Studying Your Region's Economy," in The Economy of New York State, edited by Sanford D. Gordon (Cincinnati: South-Western Publishing Co., 1987).

7. What are the major economic problems of your town, city, or nearest urban area? What caused these problems? What do you think ought to be done to solve them? In addition to using local newspapers for information, contact state or local government agencies that are concerned with commerce, industry, or labor. A local chamber of commerce or other business organization might also have useful data.

8. Has your area been gaining or losing population? Has it been gaining or losing industry? Are there other economic changes in evidence? How are these changes affecting your area? Will you be personally affected? In addition to information available from local and state governments and business organizations, go to the library and ask for federal government publications, such as the State and Metropolitan Area Data Book and the County and City Data Book (U.S. Government Printing Office).

9. Study the government of your village, town, city, or county. What economic problems does it deal with? How does it obtain revenue? Are there local problems that this government is unable to handle? Why? What would you

suggest as approaches to these problems?

10. What economic services does your local government provide for you or for your family? Consider indirect as well as direct benefits. Try to list the services and benefits (such as police protection, fire protection, public parks, public health facilities, educational programs, consumer protection, aid to the elderly, etc.). What might these services cost if you or your family had to pay for them directly? Do you think that any of these government programs should be increased, decreased, or dropped altogether?

11. Identify the agricultural products used in your home. Be sure to list non-food items (such as things made from cotton and wool), as well as food provided by farms. If the price of each item doubled, how much would you continue to buy? That is, is your demand elastic or inelastic in each case? Now suppose that the prices dropped by 50 percent. By what percentage would you or your family increase your purchases? What are the implications of your findings (regarding elasticity) for farmers?

12. Try to interview farmers or people involved in agricultural industries in your area. Learn what you can about farm production costs and the economic situations that create problems for farmers. How is farming different from other industries? How do these differences help to explain some aspects of the farm problem?

13. Pretend that you are going to appear before a Congressional committee holding hearings on government aid for farmers. Decide which group you want to represent -- the farmers, the consumer of farm products, a taxpayer group. Present that group's view on government aid for farmers. Be prepared to defend your position.

14. Contact the department of agriculture or other agencies that deal with farmers in your state or county. Try to obtain information that will explain the role of agriculture in the economy of your area. (Even in large urban areas one can find agricultural industries, or industries that relate to agriculture in some way.) Write a short paper in which you set forth the importance of agriculture to your area.

15. For a truly challenging assignment, write a report on how many of the economic principles and concepts covered in the text can be applied to agriculture. It might help to refer to specialized books, such as Economics: Applications to Agriculture and Agribusiness by Ewell P. Roy, Floyd L. Corty, and T.D. Sullivan (Danville, Illinois: The Interstate Printers and Publishers, 1981); Economics of Agriculture by Harold G. Halcrow (New York: McGraw-Hill, 1980); or Introduction to Agricultural Economics by John B. Penson, et. al. (Englewood Cliffs, N.J.: Prentice-Hall, 1986). Your paper should show that many economic theories have applications to one of America's most persistent problems, and that the theories are very useful tools of analysis.

16. See item #7 on the next page for an assignment that shows the importance of agriculture in foreign trade.

Chapter 18

1. Make a survey of the products that are commonly found in your home, including such food items as coffee, tea, and bananas. Which ones are imports? If trade barriers are placed on these items, how will your own standard of living be affected?

2. Try to find out how your own community is affected by international trade. Do some of the business firms and farms in your region sell their goods to other countries? Do any of the businesses rely upon imports? How would these enterprises be affected by trade barriers?

3. To illustrate the principle of comparative advantage, list the things that you or your family pay others to do, even though you could do them better yourself. Explain why you do this. How does this help to explain why international trade takes place?

4. Write a paper on the issue of free trade vs. protectionism. To get both sides of the question, you might interview people who are involved. For example, the owner of shoe stores who sells foreign-made shoes will support free trade; a union leader who fears that American workers are losing their jobs when we buy imported goods will favor protectionist measures. You can also use books and articles. For example, see Issue 14, "Should the United States Raise Tariffs and Impose Quotas in Order to Protect Domestic Production and Employment" in Taking Sides: Clashing Views on Controversial Economic Issues by Thomas Swartz and Frank Bonello (Guilford, Conn.: The Dushkin Publishing Group, Inc., 1982).

5. "The United States should not be aiding other countries, because we have plenty of problems here at home." Discuss this statement. Does the United States derive any benefit from foreign aid? If so, how? What forms of aid would be most effective? Why?

6. Plan an imaginary trip to several foreign countries that you would like to visit. What are the exchange rates of their currencies? Make a table that shows how much of each currency you could get for a U.S. dollar, and how much U.S. currency a unit of each currency would buy. Such a table would be very useful if you actually made the trip, even though exchange rates can change daily. (For an additional challenge, make tables showing the value of each foreign currency in relation to every other currency on your list.)

7. Do research to learn how foreign trade is important to American farmers. For example, read Chapter 29, "Foreign Trade and Agriculture", in the book Economics: Applications to Agriculture and Agribusiness by E.P. Roy, F.L. Corty, and T.D. Sullivan (Danville, Illinois: The Interstate Publishers and Printers, 1981). You might also used such specialized books as The Economics of World Grain Trade by T. Grennes, P.R. Johnson, and M. Thursby (New York: Praeger, 1977) to obtain specific information.

8. Write a brief review of the book U.S. Trade Policies in a Changing World Economy, edited by Robert M. Stern (Cambridge, Mass.: The MIT Press, 1987).

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